VONPENDE HOLDINGS P.L.C.
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
31 December 2018

C.EFSTATHIOU
AUDIT LTD

Εγκεκριμένοι Λογιστές

Certified Public Accountants

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VONPENDE HOLDINGS P.L.C.

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2018

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BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Marina Tsoy Stella Koukounis Georgios Koufaris (appointed on 4 April, 2018) Andri Michael (resigned on 4 April, 2018)
Company Secretary:	Stella Koukounis
Independent Auditors:	C. Efstathiou Audit Ltd Certified Public Accountants and Registered Auditors 8 Kennedy Avenue Athienitis Building 2nd floor, Office 201 1087 Nicosia
Business address:	Akamantis Business Center Egypt street, 10 3rd floor, P.C. 1097, Nicosia, Cyprus
Registered office:	Chrysanthou Mylona, 2 Dali, P.C. 2540, Nicosia, Cyprus
Bankers:	Hellenic Bank Public Company Ltd (closed in 2018) AstroBank Limited (closed in 2018) EcommBX Limited Promsvyazbank PJSC, Cyprus Branch (closed in 2018) Credit Suisse AG, Zurich
Registration number:	HE216944

MANAGEMENT REPORT

The Board of Directors presents its report and audited consolidated financial statements of the Company and its subsidiaries (together with the Company, the "Group") for the year ended 31 December 2018.

Principal activities and nature of operations of the Group
The principal activities of the Group comprise the trading in financial instruments, the receiving and granting of loans and the ownership and leasing of residential property.

Review of current position, future developments and performance of the Group's business
The Group's development to date, financial results and position as presented in the consolidated financial statements are considered satisfactory.

Principal risks and uncertainties
The principal risks and uncertainties faced by the Group are disclosed in notes 6 and 7 of the consolidated financial statements.

Results
The Group's results for the year are set out on page 7.

Dividends
On 22 February, 2018 and on 4 June, 2018 the Board of Directors approved the payment of an interim dividend of EUR1.809.980 (2017: EUR-).
On 4 October, 2018 the Company in General Meeting declared the payment of a final dividend of EUR1.850.000 (2017: EUR-).

Share capital
Authorised capital
On 22 February, 2018 the authorised share capital of the Company was increased by 24.800 ordinary shares of nominal value of EUR 12,50 each. On 4 June, 2018 the authorised share capital of the Company was increased by 120.800 ordinary shares of nominal value of EUR 12,50 each. On 25 October, 2018 the authorised share capital of the Company was increased by 30.000 ordinary shares of nominal value of EUR 12,50 each.
Issued capital
On 16 March, 2018 the Company issued 18.789 ordinary shares of nominal value of EUR 12,50 each, at a premium of EUR 4,00 each.

On 4 June, 2018 the Company issued 74.132 ordinary shares of nominal value of EUR 12,50 each, at a premium of EUR 7,50 each.

On 25 October, 2018 the Company issued 73.251 ordinary shares of nominal value of EUR 12,50 each, at a premium of EUR 12,50 each.

Implementation and compliance to the Code of Corporate Governance
The Group recognises the importance of implementing sound corporate governance policies, practices and procedures. As a company listed on the Cyprus Stock Exchange (CSE), Vonpende Holdings P.L.C. has adopted CSE's Corporate Governance Code and applies its principles.

In March 2006 the CSE issued a revised Code of Corporate Governance. The Group complies with all the provisions of the revised Code

Board of Directors
The members of the Group's Board of Directors as at 31 December 2018 and at the date of this report are presented on page 1. On 4 April 2018, Mrs. Andri Michael resigned from the position of director of the company and on the same date Mr. Georgios Koufaris was appointed respectively.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Events after the reporting period
Any significant events that occurred after the end of the reporting period are described in note 30 to the consolidated financial statements.

Independent Auditors
The Independent Auditors, C. Efstathiou Audit Ltd, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Director

Nicosia, 24 April 2019

C.EFSTATHIOU
AUDIT LTD

Independent Auditor's Report

To the Members of Vonpende Holdings P.L.C.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Vonpende Holdings P.L.C. (the "Company") and its subsidiaries (the "Group"), which are presented in pages 7 to 41 and comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the "International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants" (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Independent Auditor's Report (continued)

To the Members of Vonpende Holdings P.L.C.

Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's Report (continued)

To the Members of Vonpende Holdings P.L.C.

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the consolidated financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Management Report.

Other Matter

This report, including the opinion, has been prepared for and only for the Group's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Costas Efstathiou
Certified Public Accountant and Registered Auditor
for and on behalf of
C. Efstathiou Audit Ltd
Certified Public Accountants and Registered Auditors

Nicosia, 24 April 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2018

	Note	2018 EUR	2017 EUR
Revenue	8	**58.171.070**	69.255.379
Cost of sales	9	**(46.029.908)**	(49.155.240)
Gross profit		**12.141.162**	20.100.139
Administration expenses	10	**(2.439.884)**	(542.868)
Other expenses/(Other income)	11	**(3.427.713)**	(150.748)
Operating profit		**6.273.565**	19.406.523
Net finance (costs)/income	12	**(10.012)**	9.613.903
Profit before tax		**6.263.553**	29.020.426
Tax	13	**(72.887)**	(24.007)
Net profit for the year		**6.190.666**	28.996.419
Other comprehensive income			
Financial assets at fair value through other comprehensive income - Fair value Loss		**(50.364.013)**	(100.413.264)
Other comprehensive loss for the year		**(50.364.013)**	(100.413.264)
Total comprehensive loss for the year		**(44.173.347)**	(71.416.845)

The notes on pages 14 to 41 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2018

	Note	2018 EUR	2017 EUR
ASSETS			
Non-current assets			
Property, plant and equipment	14	**2.734**	1.724
Promissory notes		**-**	419.633
Investment properties	15	**101.193**	104.945
Goodwill	16	**4.131.632**	4.131.632
Investments		**65.385.186**	142.451.198
Interest bearing bonds	17	**2.514.217**	2.515.045
Debt investments at amortised cost	18	**284.627.053**	287.928.725
Loans receivable	19	**606.816.908**	1.077.918.682
		963.578.923	1.515.471.584
Current assets			
Trade and other receivables	20	**2.270.536**	570.227
Loans receivable	19	**144.462.124**	3.063.791
Cash and cash equivalents		**2.551.155**	374.552
		149.283.815	4.008.570
Total assets		**1.112.862.738**	1.519.480.154
EQUITY AND LIABILITIES			
Equity			
Share capital	21	**2.177.150**	100.000
Share premium		**1.546.784**	-
Fair value reserve - Financial assets at fair value through other comprehensive income		**(146.553.323)**	(96.189.311)
Non-refundable advances		**384.358**	-
Retained earnings		**69.687.522**	74.483.380
		(72.757.509)	(21.605.931)
Non-controlling interests		**26.606.686**	46.037.903
Total equity		**(46.150.823)**	24.431.972
Liabilities			
Non-current liabilities			
Borrowings	22	**1.041.284.853**	1.428.559.370
		1.041.284.853	1.428.559.370

The notes on pages 14 to 41 form an integral part of these consolidated financial statements.

Current liabilities			
Trade and other payables	23	**4.062.360**	5.195.247
Borrowings	22	**113.646.947**	61.274.287
Current tax liabilities	24	**19.401**	19.278
		117.728.708	66.488.812
Total liabilities		**1.159.013.561**	1.495.048.182
Total equity and liabilities		**1.112.862.738**	1.519.480.154

On 24 April 2019 the Board of Directors of Vonpende Holdings P.L.C. authorised these consolidated financial statements for issue.

....
Stella Koukounis
Director

....
Georgios Koufaris
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2018

		Attributable to equity holders of the Company							
	Note	**Share capital EUR**	**Share premium EUR**	**Fair value reserve - Financial assets at fair value through other comprehensive income EUR**	**Non-refundable advances EUR**	**Retained earnings EUR**	**Total EUR**	**Non-controlling interests EUR**	**Total EUR**
Balance at 1 January 2017		**100.000**	**-**	**4.223.953**	**-**	**49.108.167**	**53.432.120**	**22.204.516**	**75.636.636**
Comprehensive income									
Net profit for the year		-	-	-	-	28.996.419	28.996.419	-	28.996.419
Other movements									
Net change in non controlling interest		-	-	-	-	-	-	23.833.387	23.833.387
Exchange difference		-	-	-	-	(3.621.206)	(3.621.206)	-	(3.621.206)
Fair value adjustment		-	-	(100.413.264)	-	-	(100.413.264)	-	(100.413.264)
Balance at 31 December 2017/ 1 January 2018		**100.000**	**-**	**(96.189.311)**	**-**	**74.483.380**	**(21.605.931)**	**46.037.903**	**24.431.972**
Comprehensive income									
Net profit for the year		-	-	-	-	6.461.276	6.461.276	(270.610)	6.190.666
Other comprehensive income for the year		-	-	(50.364.013)	-	-	-	-	(50.364.013)
Total comprehensive income for the year		-	-	(50.364.013)	-	6.461.276	(43.902.737)	(270.610)	(44.173.347)

The notes on pages 14 to 41 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2018

	Note	Share capital EUR	Share premium EUR	Fair value reserve - Financial assets at fair value through other comprehensive income EUR	Non-refundable advances EUR	Retained earnings EUR	Total EUR	Non-controlling interests EUR	Total EUR
		Attributable to equity holders of the Company							
Transactions with owners									
Issue of share capital	21	2.077.150	1.546.784	-	-	-	3.623.934	-	3.623.934
Dividends		-	-	-	-	(3.659.980)	(3.659.980)	-	(3.659.980)
Other movements									
Exchange difference		-	-	-	-	(7.597.154)	(7.597.154)	(19.160.607)	(26.757.761)
Funds for the year		-	-	-	384.358	-	384.358	-	384.358
Balance at 31 December 2018		**2.177.150**	**1.546.784**	**(146.553.324)**	**384.358**	**69.687.522**	**(72.757.510)**	**26.606.686**	**(46.150.824)**

The notes on pages 14 to 41 form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2018

	Note	2018 EUR	2017 EUR
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**6.263.553**	29.020.426
Adjustments for:			
Depreciation of property, plant and equipment		**4.502**	7.963
Exchange difference arising on the translation of non-current assets in foreign currencies		**318.498**	-
Profit from the sale of investments in subsidiaries		**-**	(3.434.494)
Fair value (gains) on financial assets through other comprehensive income		**(5.282)**	-
(Reversal of impairment)/impairment charge - investments in subsidiaries		**(244.888)**	8.550
Dividend income	8	**(995.691)**	(94.584)
Interest income		**(48.993.349)**	(63.796.291)
Interest expense	12	**111**	-
Share of loss from associates		**964.037**	3.203.424
		(42.688.509)	(35.085.006)
Changes in working capital:			
(Increase)/decrease in trade and other receivables		**(1.260.538)**	4.320.247
Increase in financial assets at fair value through profit or loss		**-**	(16.264.226)
Decrease in bank deposits		**3.181**	-
(Decrease)/increase in trade and other payables		**(2.234.761)**	3.303.014
Cash used in operations		**(46.180.627)**	(43.725.971)
Interest received		**50.316.895**	60.286.696
Dividends received		**995.691**	94.584
Interest paid		**-**	(750)
Tax paid		**(72.764)**	(12.868)
Net cash generated from operating activities		**5.059.195**	16.641.691
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property, plant and equipment	14	**(1.760)**	-
Payment for purchase of investment property	15	**-**	(2.333)
Payment for purchase of available-for-sale financial assets		**-**	257.104.812
Payment for purchase of investments in subsidiaries		**(142.888)**	(4.634.289)
Payment for purchase of investments in associated undertakings		**(964.037)**	-
Payment for purchase of financial assets at amortised cost	18	**(4.324.372)**	-
Loans granted		**(424.878)**	(455.184.209)
Loans repayments received		**330.128.319**	9.705
Proceeds from sale of available-for-sale financial assets		**-**	28.625.272
Proceeds from sale of financial assets at amortised cost		**6.285.000**	-
Interest received		**18.326**	5.740
Proceeds from reduction of capital of investment in subsidiaries		**-**	5.159.022
Net cash generated from/(used in) investing activities		**330.573.710**	(168.916.280)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		**3.623.934**	-
Advances from shareholders		**403.853**	-
Repayments of borrowings		**(339.769.747)**	(2.582.668)
Proceeds from borrowings		**4.867.890**	157.840.803
Interest paid		**(111)**	(3.203.424)
Dividends paid		**(3.724.980)**	-

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2018

	Note	2018 EUR	2017 EUR
Net cash (used in)/generated from financing activities		**(334.599.161)**	152.054.711
Net increase/(decrease) in cash and cash equivalents		**1.033.744**	(219.878)
Cash and cash equivalents at beginning of the year		**374.552**	2.035.210
Effect of exchange rate fluctuations on cash held		**1.142.859**	(1.440.780)
Cash and cash equivalents at end of the year		**2.551.155**	374.552

1. Incorporation and principal activities

Country of incorporation

The Company Vonpende Holdings P.L.C. (the "Company") was incorporated in Cyprus on 20 December, 2007 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Chrysanthou Mylona, 2, Dali, P.C. 2540, Nicosia, Cyprus.

Principal activities

The principal activities of the Group comprise the trading in financial instruments, the receiving and granting of loans and the ownership and leasing of residential property.

2. Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. These consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of and investment property.

3. Adoption of new or revised standards and interpretations

During the current year the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2018.

4. Significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. Apart from the accounting policy changes resulting from the adoption of IFRS 9 and IFRS 15 effective from 1 January 2018, these policies have been consistently applied to all the years presented, unless otherwise stated. The principal accounting policies in respect of financial instruments and revenue recognition applied till 31 December 2017 are presented in note 29.

Basis of consolidation

The Company has subsidiary undertakings for which section 142(1)(b) of the Cyprus Companies Law Cap. 113 requires consolidated financial statements to be prepared and laid before the Company at the Annual General Meeting. The Group consolidated financial statements comprise the financial statements of the parent company Vonpende Holdings P.L.C. and the financial statements of the following subsidiaries: "Wing Hang Enterprises (Cyprus) Limited", "Eyestorn Enterprises Limited", "Kirnione Holdings Limited", "Lebset Developments Limited" and "Mezorex Enterprises Limited".

The financial statements of all the Group companies are prepared using uniform accounting policies. All inter-company transactions and balances between Group companies have been eliminated during consolidation.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

4. Significant accounting policies (continued)

Business combinations (continued)

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

4. Significant accounting policies (continued)

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated undertakings are stated at cost less provision for permanent diminution in value, which is recognised as an expense in the period in which the diminution is identified.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired undertaking at the date of acquisition. Goodwill on acquisition of subsidiaries is included in "intangible assets". Goodwill on acquisitions of associates is included in "Investments in associates". Goodwill on acquisitions of investments in joint ventures is included in "investments in joint ventures".

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an undertaking include the carrying amount of goodwill relating to the undertaking sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Revenue

Recognition and measurement

Revenue represents the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, value-added taxes); the transaction price. The Group includes in the transaction price an amount of variable consideration as a result of rebates/discounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Estimations for rebates and discounts are based on the Group's experience with similar contracts and forecasted sales to the customer.

The Group recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations, the Group can identify each party's rights and the payment terms for the goods or services to be transferred, the contract has commercial substance (i.e. the risk, timing or amount of the Group's future cash flows is expected to change as a result of the contract), it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer and when specific criteria have been met for each of the Group's contracts with customers.

The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the Group considers only the customer's ability and intention to pay that amount of consideration when it is due.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimates are reflected in the consolidated statement of profit or loss and other comprehensive income in the period in which the circumstances that give rise to the revision become known by management.

4. Significant accounting policies (continued)

Revenue recognition (continued)

Identification of performance obligations

The Group assesses whether contracts that involve the provision of a range of goods and/or services contain one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation identified on the basis of its stand-alone selling price. A good or service that is promised to a customer is distinct if the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is the good or service is capable of being distinct) and the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the good or service is distinct within the context of the contract).

- **Sale of products**

  Sales of products are recognised at the point in time when the Group satisfies its performance obligation by transferring control over the promised products to the customer, which is usually when the products are delivered to the customer, risk of obsolescence and loss have been transferred to the customer and the customer has accepted the products.

- **Rendering of services**

  Revenue from rendering of services is recognised over time while the Group satisfies its performance obligation by transferring control over the promised service to the customer in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours.

- **Income from investments in securities**

  Dividend from investments in securities is recognised when the right to receive payment is established. Withheld taxes are transferred to profit or loss. Interest from investments in securities is recognised on an accruals basis.

  Profits or losses from the sale of investments in securities represent the difference between the net proceeds and the carrying amount of the investments sold and is transferred to profit or loss.

  The difference between the fair value of investments at fair value through profit or loss as at 31 December 2018 and the mid cost price represents unrealised gains and losses and is included in profit or loss in the period in which it arises. Unrealised gains and losses arising from changes in the fair value of financial assets at fair value through other comprehensive income (2017: available-for-sale financial assets) are recognised in equity. When financial assets at fair value through other comprehensive income (2017: available-for-sale financial assets) are sold or impaired, the accumulated fair value adjustments are included in profit or loss as fair value gains or losses on investments, taking into account any amounts charged or credited to profit or loss in previous periods.

- **Commission income**

  Commission income is recognised when the right to receive payment is established.

- **Rental income**

  Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

4. Significant accounting policies (continued)

Revenue recognition (continued)

- **Interest income**

  Interest income is recognised on a time-proportion basis using the effective interest method.

- **Dividend income**

  Dividends are received from financial assets measured at fair value through profit or loss (FVTPL) and at fair value through other comprehensive income (FVOCI). Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI.

Finance income

Interest income is recognised on a time-proportion basis using the effective method.

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

Foreign currency translation

(1) **Functional and presentation currency**
Items included in the Group's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (EUR), which is the Group's functional and presentation currency.

(2) **Transactions and balances**
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Dividends

Dividend distribution to the Group's shareholders is recognised in the Group's financial statements in the year in which they are approved by the Group's shareholders.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

4. Significant accounting policies (continued)

Property, plant and equipment (continued)

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

	%
Computrer hardware and operating systems	20

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment property, principally comprising shops and office buildings, is held for long-term rental yields and/or for capital appreciation and is not occupied by the Group. Investment property is treated as a non-current asset and is stated at historical cost less depreciation. Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life.The annual depreciation rates used are 3% for flat and 10% for furnitures they are included within.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the continued use of the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

4. Significant accounting policies (continued)

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial assets - Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Group may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, classification will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment?by?investment basis.

All other financial assets are classified as measured at FVTPL.

4. Significant accounting policies (continued)

Financial assets - Classification (continued)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Group commits to deliver a financial instrument. All other purchases and sales are recognized when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets - Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

<u>Debt instruments</u>

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss and other comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in "other income". Foreign exchange gains and losses are presented in "other gains/(losses)" and impairment expenses are presented as separate line item in the consolidated statement of profit or loss and other comprehensive income.

4. Significant accounting policies (continued)

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other gains/(losses)" in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The Group's policy is to designate equity investments as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in "other gains/(losses)" in the consolidated statement of profit or loss and other comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Financial assets - impairment - credit loss allowance for ECL

From 1 January 2018, the Group assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at AC and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated statement of profit or loss and other comprehensive income within "net impairment losses on financial and contract assets".

Debt instruments measured at AC are presented in the consolidated statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the consolidated statement of financial position.

For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

Expected losses are recognized and measured according to one of two approaches: general approach or simplified approach.

For trade receivables including trade receivables with a significant financing component and contract assets and lease receivables the Group applies the simplified approach permitted by IFRS 9, which uses lifetime expected losses to be recognised from initial recognition of the financial assets.

For all other financial asset that are subject to impairment under IFRS 9, the Group applies general approach - three stage model for impairment. The Group applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

4. Significant accounting policies (continued)

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to Note 6, Credit risk section for a description of how the Group determines when a SICR has occurred. If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Group's definition of credit impaired assets and definition of default is explained in note 6, Credit risk section.

Additionally the Group has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer tonote 6, Credit risk section for a description of how the Group determines low credit risk financial assets.

Financial assets -Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets - modification

The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (eg profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Group derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Group also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Group compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Group recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

4. Significant accounting policies (continued)

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash at bank.Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Group. These are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Borrowings

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

Non-current liabilities

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

5. New accounting pronouncements

At the date of approval of these consolidated financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the consolidated financial statements of the Group.

6. Financial risk management

Financial risk factors
The Group is exposed to interest rate risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Group to manage these risks are discussed below:

6.1 Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

6.2 Credit risk
Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets.

(i) Risk management

Credit risk is managed on a group basis.

For banks and financial institutions, only independently rated parties with a minimum rating of 'C' are accepted. If wholesale customers are independently rated, these ratings are used.

Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.

(ii) Impairment of financial assets

The Group has the following types of financial assets that are subject to the expected credit loss model:
- trade receivables
- cash and cash equivalents

Trade receivables and contract assets

Debt investments

All of the entity's debt investments at FVOCI are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

6. Financial risk management (continued)

6.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Debt investments at fair value through other comprehensive income

Debt investments at fair value through other comprehensive income (FVOCI) include listed debt securities. The loss allowance for debt investments at FVOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI.

Other financial assets at amortised cost

Other financial assets at amortised cost include [loans to related parties including loans to directors and key management personnel, receivable from related party and other receivables.]

Loans to related parties, receivables from related parties, other receivables and debt investments at amortised cost and FVOCI

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower/counterparty
- significant increases in credit risk on other financial instruments of the same borrower/counterparty
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the Group and changes in the operating results of the borrower.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 180 days past due. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The Group uses three categories for loans, receivables,other receivables, debt securities at FVOCI which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit rating companies, such as Standard and Poor, Moody's and Fitch.

6. Financial risk management (continued)

6.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision	Basis for calculation of interest revenue
Performing	Counterparties have a low risk of default and a strong capacity to meet contractual cash flows	Stage 1: 12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	Gross carrying amount
Underperforming	Counterparties for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due (see above in more detail)	Stage 2: Lifetime expected losses	Gross carrying amount
Non-performing	Interest and/or principal repayments are 90 days past due	Stage 3: Lifetime expected losses	Amortised cost carrying amount (net of credit allowance)
Write-off	Interest and/or principal repayments are 180 days past due and there is no reasonable expectation of recovery.	Asset is written off	None

The Group has no financial assets which are subject to the impairment requirements of IFRS 9 and which have had modifications to their contractual cash flows.

Over the term of the loans, receivables and other receivables, and debt securities the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers, and adjusts for forward looking macroeconomic data.

The Group provides for credit losses against loans to related parties, receivables, other receivables, debt securities at FVOCI and cash and cash equivalents. The following tables contains an analysis of the credit risk exposure of each class of financial instruments for which an ECL allowance is recognised. The gross carrying amounts below also represents the Group's maximum exposure to credit risk on these assets as at 31 December 2018.

6.3 Liquidity risk
Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

6. Financial risk management (continued)

6.4 Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's measurement currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Euro, US Dollar and the Russian Ruble. The Group's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

6.5 Capital risk management
Capital includes equity shares, share premium and non refundable advances.

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from last year.

Fair value estimation

The fair values of the Group's financial assets and liabilities approximate their carrying amounts at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods, such as estimated discounted cash flows, and makes assumptions that are based on market conditions existing at the reporting date.

The nominal value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

7. Critical accounting estimates, judgments and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **Provision for bad and doubtful debts**

  The Group reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through profit or loss. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

7. Critical accounting estimates, judgments and assumptions (continued)

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Critical judgements in applying the Group's accounting policies

- **Fair value of financial assets**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. The fair value of the financial assets at fair value through other comprehensive income has been estimated based on the fair value of these individual assets.

- **Impairment of investments in subsidiaries**

The Group periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future discounted cash flows associated with these subsidiaries would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

- **Impairment of loans receivable**

The Group periodically evaluates the recoverability of loans receivable whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country in which the borrower operates, which may indicate that the carrying amount of the loan is not recoverable. If facts and circumstances indicate that loans receivable may be impaired, the estimated future discounted cash flows associated with these loans would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

- **Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 6, Credit risk section.

- **Impairment of non-financial assets**

The impairment test is performed using the discounted cash flows expected to be generated through the use of non-financial assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Group estimates the recoverable amount of the cash generating unit in which the asset belongs to.

7. Critical accounting estimates, judgments and assumptions (continued)

- **Valuation of non-listed investments**

  The Group uses various valuation methods to value non-listed investments. These methods are based on assumptions made by the Board of Directors which are based on market information at the reporting date.

- **Impairment of goodwill**

  Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units of the Group on which the goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units using a suitable discount rate in order to calculate present value.

8. Revenue

	2018	2017
	EUR	EUR
Sale of cement products	**1.222.575**	1.741.712
Commissions income	**76.117**	317.739
Dividend income	**995.691**	94.584
Interest income	**48.975.023**	60.514.916
Net gain on trading in financial instruments	**-**	3.305.659
Net gain on financial instruments	**6.896.624**	3.275.629
Rental income	**5.040**	5.140
	58.171.070	69.255.379

Analysis of revenue by category under revenue recognition guidance effective prior to 1 January 2018:

	2017
	EUR
Sale of cement products	1.741.712
Commissions income	317.739
Dividend income	94.584
Interest income	60.514.916
Net gain on trading in financial instruments	3.305.659
Net gain on financial instruments	3.275.629
Rental income	5.140
	69.255.379

9. Cost of sales

	2018	2017
	EUR	**EUR**
Purchases of cement products	**1.145.495**	1.600.495
Rent	**-**	1.035
Services received	**-**	12.454
Commissions payable	**550.000**	503.056
Handling fee	**-**	27.881
Interest expense	**44.334.413**	47.010.319
	46.029.908	49.155.240

10. Administration expenses

	2018 EUR	2017 EUR
Directors fees and staff costs	70.420	-
Rent	5.700	6.029
Professional fees	296.403	242.708
Directors services	20.250	30.000
Annual levy	2.100	2.083
Services paid	34.756	27.096
Services provided - investment activities	1.291.326	-
Auditors' remuneration - current year	67.060	69.250
Auditors' remuneration - prior years	9.500	8.300
Accounting fees	21.500	23.875
Legal fees	45.871	28.208
Other expenses	45.202	97.356
Expenses for increase of share capital	16.810	-
Custodian fees	49.004	-
Guarantee fees - investment activities	36.630	-
Surety fees - investment activities	422.850	-
Depreciation	4.502	7.963
	2.439.884	542.868

11. Other expenses/(Other income)

	2018 EUR	2017 EUR
Other income	(1.673)	(1.465)
Reversal of impairment - investment in subsidiary	(244.888)	8.550
Amount receivable written off	101.147	138.772
Net foreign exchange loss	2.225.377	4.891
Fair value losses on financial assets at fair value through profit or loss	1.347.750	-
	3.427.713	150.748

12. Finance income/(costs)

	2018 EUR	2017 EUR
Interest income	18.326	5.747
Exchange profit	-	22.228.682
Finance income	18.326	22.234.429
Net foreign exchange losses	-	(12.605.770)
Interest expense	(9)	(11)
Sundry finance expenses	(28.329)	(14.745)
Finance costs	(28.338)	(12.620.526)
Net finance (costs)/income	(10.012)	9.613.903

13. Tax

	2018 EUR	2017 EUR
Corporation tax	**19.288**	17.473
Overseas tax	**49.785**	4.729
Defence contribution	**118**	1.805
Defence contribution on interim dividends paid	**3.696**	-
Charge for the year	**72.887**	24.007

14. Property, plant and equipment

	Computer hardware and operating systems EUR
Cost	
Balance at 1 January 2017	2.874
Balance at 31 December 2017/ 1 January 2018	**2.874**
Additions	1.760
Balance at 31 December 2018	**4.634**
Depreciation	
Balance at 1 January 2017	575
Charge for the year	575
Balance at 31 December 2017/ 1 January 2018	**1.150**
Charge for the year	750
Balance at 31 December 2018	**1.900**
Net book amount	
Balance at 31 December 2018	**2.734**
Balance at 31 December 2017	**1.724**

15. Investment properties

	2018 EUR	2017 EUR
Cost		
Balance at 1 January	**112.333**	110.000
Additions	-	2.333
Balance at 31 December	**112.333**	112.333
Depreciation		
Balance at 1 January	**7.388**	-
Charge for the year	**3.752**	7.388
Balance at 31 December	**11.140**	7.388
Net book amount		
Balance at 31 December	**101.193**	104.945

Investment property includes an apartment situated at 55 Milou street, Archangelos, Nicosia, Cyprus

16. Intangible assets

	Goodwill EUR
Cost	
Balance at 1 January 2017	5.068.978
Goodwill eliminated on disposal of subsidiary	(937.346)
Balance at 31 December 2017/ 1 January 2018	**4.131.632**
Balance at 31 December 2018	**4.131.632**
Net book amount	
Balance at 31 December 2018	**4.131.632**
Balance at 31 December 2017	**4.131.632**

On 28 December 2016, Vonpende Holdings Limited acquired 52% of Lebset Development Limited and this resulted into a goodwill of € 0,7 millions. The main operations of Lebset Developments Limited is the holding of investments.

On 30 December, 2016, Vonpende Holdings Limited acquired 76,03% of Linge Enterprises Limited and 52,05% of Mezorex Enterprises Limited and this resulted into a goodwill of € 0,9 millions and € 3,4 millions respectively.

The main operation of Linge Enterprises Limited, is holding of investments.

The main operation of Mezorex Enterprises Limited, is the holding of investments and investment of its funds.

On December 2017, Vonpende Holdings Limited increased its shareholding to 95,10% in Eyestorn Enterprises Limited, Kirnione Holdings Limited, Lebset Developments Limited and Mezorex Enterprises Limited to 95,08%. The Group disposed its interest Linge Enterprises Limited in 2017 and realized a profit of EUR885.681.

17. Interest bearing bonds

	2018 EUR	2017 EUR
Balance at 1 January	**2.515.045**	-
Additions	**56.404**	2.550.041
Repayments	**(57.232)**	(34.996)
Balance at 31 December	**2.514.217**	2.515.045

The effective interest rate on investment in debt securities is 2,50% plus annual Euro Libor, and these debt securities mature on 28 February 2021.

Purchase and sales of debt instruments are recognised on the trade date, which is the date that the Company commits to purchase or sell the asset. The cost of the purchase includes transactions costs. The investments are subsequently carried at amortised cost using the effective yield method.

Debt instruments are classified as non-current assets, unless they mature within twelve months from the reporting date or unless they will need to be sold to raise operating capital.

18. Debt investments at amortised cost

	2018 EUR	2017 EUR
Balance at 1 January	**287.928.725**	1.085.000
Additions	**4.325.200**	283.700.000
Redemption	**8.562.529**	-
Interest charged	**7.220.657**	3.194.309
Interest repayments	**(6.285.000)**	(50.584)
Balance at 31 December	**284.627.053**	287.928.725

The amount of EUR 14.397.141 is subject to a floating interest rate equal to annual Euro Libor rate on a drawing date plus a margin of 2,40% to 2,80% per annum, and are repayable between 2025 and 2027.

Debt investments at amortised cost represent eighteen subordinated contingent convertible bonds (the "Bonds") issued by a Cyprus resident company.

The Bonds amounting to EUR 270.229.912 were issued at a nominal value of EUR 15.000.000 each, bear annual interest at the rate of 2,80% plus 12-month Euro LIBOR rate and have a maturity date of ten years from their issuance date. In February 2019, the bonds were assigned to a third party, for a consideration of EUR 269.347.325,96.

19. Loans receivable

	2018 EUR	2017 EUR
Loans receivable	**751.279.032**	1.080.982.473
	751.279.032	1.080.982.473
Less current portion	**(144.462.124)**	(3.063.791)
Non-current portion	**606.816.908**	1.077.918.682

The loans are repayable as follows:

	2018 EUR	2017 EUR
Within one year	**144.462.124**	3.063.791
Between one and five years	**606.816.908**	1.077.611.758
After five years	**-**	306.924
	751.279.032	1.080.982.473

The fair value of receivable loans approximates to their carrying amounts as presented above.

20. Trade and other receivables

	2018 EUR	2017 EUR
Trade receivables	**1.541**	550.325
Promissory note receivable	**2.218.174**	-
Shareholders' current accounts - debit balances (Note 25.2)	**-**	17.078
Deposits and prepayments	**18.853**	2.824
Other receivables - cash with agents and brokers	**31.968**	-
	2.270.536	570.227

Trade receivables (continued)

20. Trade and other receivables (continued)

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

21. Share capital

	2018 Number of shares	2018 EUR	2017 Number of shares	2017 EUR
Authorised				
Ordinary shares of EUR 12,50 each	183.600	2.295.000	8.000	100.000
	183.600	2.295.000	8.000	100.000
		EUR		EUR
Issued and fully paid				
Balance at 1 January	8.000	100.000	400.000	100.000
Converted to 8.000 ordinary shares of EUR 12,50 each	-	-	(392.000)	-
Issue of shares	166.172	2.077.150	-	-
Balance at 31 December	8.000	2.177.150	8.000	100.000

Authorised capital

On 22 February, 2018 the authorised share capital of the Company was increased by 24.800 ordinary shares of nominal value of EUR 12,50 each. On 4 June, 2018 the authorised share capital of the Company was increased by 120.800 ordinary shares of nominal value of EUR 12,50 each. On 25 October, 2018 the authorised share capital of the Company was increased by 30.000 ordinary shares of nominal value of EUR 12,50 each.

Issued capital

On 16 March, 2018 the Company issued 18.789 ordinary shares of nominal value of EUR 12,50 each, at a premium of EUR 4,00 each.

On 4 June, 2018 the Company issued 74.132 ordinary shares of nominal value of EUR 12,50 each, at a premium of EUR 7,50 each.

On 25 October, 2018 the Company issued 73.251 ordinary shares of nominal value of EUR 12,50 each, at a premium of EUR 12,50 each.

22. Borrowings

	2018 EUR	2017 EUR
Current borrowings		
Trade loans payable	113.646.947	61.274.287
Non-current borrowings		
Trade loans payable	1.041.284.853	1.428.559.370
Total	1.154.931.800	1.489.833.657

22. Borrowings (continued)

Maturity of non-current borrowings:

	2018 EUR	2017 EUR
Within one year	**113.646.947**	61.274.287
Between one and five years	**1.041.284.853**	233.218.751
After five years	**-**	1.195.340.619
	1.154.931.800	1.489.833.657

23. Trade and other payables

	2018 EUR	2017 EUR
Trade payables	**186.938**	5.115.313
Advances received for subsidiary disposal	**3.586.688**	-
Commission payable	**137.500**	-
Prepayments from tenants	**-**	900
Social insurance and other taxes	**1.986**	1.888
Tenants deposits	**1.170**	450
Accruals	**129.333**	76.743
Defence tax on dividends payable	**18.726**	-
Defence tax on rent payable	**19**	(47)
	4.062.360	5.195.247

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

24. Current tax liabilities

	2018 EUR	2017 EUR
Corporation tax	**19.288**	17.473
Special contribution for defence	**113**	1.805
	19.401	19.278

25. Related party balances and transactions

The related party balances and transactions are as follows:

25.1 Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	2018 EUR	2017 EUR
Directors' fees	**27.000**	-
Director services	**20.250**	30.000
	47.250	30.000

25. Related party balances and transactions (continued)

25.2 Shareholders' current accounts (Note 20)

	2018 EUR	2017 EUR
Shareholders' current account	-	17.078
	-	17.078

The shareholders' current accounts are interest free, and have no specified repayment date.

26. Significant subsidiaries

In year 2018 the Group includes the Company and the below listed subsidiaries. Material subsidiary Wing Hang Enterprises Ltd was incorporated in Hong Kong on 30 August 1999 as a private company with limited liability and transferred domicile to Nevis on 5 December 2003. From 5 July, 2017, Wing Hang Enterprises Limited was registered in accordance with section 354H of the Companies Law Cap. 113, as a company continuing in the Republic of Cyprus under the name of Wing Hang Enterprises (Cyprus) Limited. The Group's principal activities are the receiving and granting of loans, the trading in investments and acting as a principal in trading of cement and other products and commodities.

Name	Country of Incorporation	Principal activities	31 December 2018 %	31 December 2017 %
Wing Hang Enterprises (Cyprus) Limited	Cyprus	Trading in financial instruments and receiving and granting of loans	100	100
Eyestorn Enterprises Limited	Cyprus	Holding of investments and receiving and granting of loans	95,10	95,10
Kirnione Holdings Limited	Cyprus	Trading in investments and investment of its funds	95,10	95,10
Lebset Developments Limited	Cyprus	Holding of investments	95,10	95,10
Mezorex Enterprises Limited	Cyprus	Holding of investments and investment of its funds	95,08	95,08

27. Contingent liabilities

The Group had no contingent liabilities as at 31 December 2018.

28. Commitments

The Group had no capital or other commitments as at 31 December 2018.

29. Accounting policies up to 31 December 2017

Accounting policies applicable to the comparative period ended 31 December 2017 that were amended by IFRS 9 and IFRS 15, are as follows.

Revenue recognition

Revenues earned by the Group are recognised on the following bases:

- **Sale of products**

  Sales of products are recognised when significant risks and rewards of ownership of the products have been transferred to the customer, which is usually when the Group has sold or delivered the products to the customer, the customer has accepted the products and collectability of the related receivable is reasonably assured.

- **Rendering of services**

  Sales of services are recognised in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Prepayments from clients

Payments received in advance on sale contracts for which no revenue has been recognised yet, are recorded as prepayments from clients as at the reporting date and carried under liabilities.

Loans granted

Loans originated by the Group by providing money directly to the borrower are categorised as loans and are carried at amortised cost. The amortised cost is the amount at which the loan granted is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. All loans are recognised when cash is advanced to the borrower.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

29. Accounting policies up to 31 December 2017 (continued)

Financial instruments (continued)

Financial assets

(1) Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

- Financial assets at fair value through profit or loss

  This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performance is evaluated on a fair value basis, in accordance with the Group's documented investment strategy. Information about these financial assets is provided internally on a fair value basis to the Group's key management personnel. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months from the reporting date.

- Loans and receivables

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the reporting date. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

- Held-to-maturity investments

  Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's Management has the positive intention and ability to hold to maturity, that do not meet the definition of loans and receivables.

- Available-for-sale financial assets

  Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets, unless Management intends to dispose of the investment within twelve months of the reporting date.

(2) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date which is the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

29. Accounting policies up to 31 December 2017 (continued)

Financial instruments (continued)

<u>Financial assets</u> (continued)

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains and losses on available-for-sale financial assets.

Interest onavailable-for-sale securities calculated using the effective interest method is recognised in the profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists foravailable-for-sale securities the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in profit or loss.

For financial assets measured at amortised cost, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

29. Accounting policies up to 31 December 2017 (continued)

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

30. Events after the reporting period

In 2019 the Company became the 100% shareholder of Eyestorn Enterprises Limited, Kirnione Holdings Limited and Lebset Developments Limited.

Independent auditor's report on pages 4 to 6